

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*5. Lease Serial No.
NMLC029415B

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other8. Well Name and No.
PUCKETT 13 FEDERAL COM 27H2. Name of Operator
COG OPERATING LLCContact: ROBYN RUSSELL
E-Mail: russell@concho.com9. API Well No.
30-015-438723a. Address
600 W ILLINOIS AVENUE
MIDLAND, TX 797013b. Phone No. (include area code)
Ph: 432-685-438510. Field and Pool, or Exploratory
FREN

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 12 T17S R31E SESE 1160FSL 640FEL

11. County or Parish, and State

IEDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

- ☒
- Notice of Intent
-
- ☐
- Subsequent Report
-
- ☐
- Final Abandonment Notice

- ☐
- Acidize
-
- ☐
- Alter Casing
-
- ☐
- Casing Repair
-
- ☐
- Change Plans
-
- ☐
- Convert to Injection

- ☐
- Deepen
-
- ☐
- Fracture Treat
-
- ☐
- New Construction
-
- ☐
- Plug and Abandon
-
- ☐
- Plug Back

- ☐
- Production (Start/Resume)
-
- ☐
- Reclamation
-
- ☐
- Recomplete
-
- ☐
- Temporarily Abandon
-
- ☐
- Water Disposal

- ☐
- Water Shut-Off
-
- ☐
- Well Integrity
-
- ☒
- Other
-
- Change to Original APD

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomple in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

COG Operating LLC respectfully requests to change the surface hole of this well
From: 1160' FSL & 640' FEL, Unit P, Sec 12
To: 387' FSL & 1097' FEL, Unit P, Sec 12

Attached is a revised plat and directional plan.

NM OIL CONSERVATION
ARTESIA DISTRICT

AUG 22 2016

RECEIVED

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #339728 verified by the BLM Well Information System

For COG OPERATING LLC, sent to the Carlsbad

Committed to AFMSS for processing, by PRISCILLA PEREZ on 05/19/2016 (16PP1192SE)

Name (Printed/Typed) ROBYN RUSSELL

Title REGULATORY ANALYST

Signature

(Electronic Submission)

Date 05/19/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

Cody P. Luster

Title

FELDMANAGER

Date

08/16/16

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

Drilling See ATTACHED COA

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6101 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-0720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-5178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

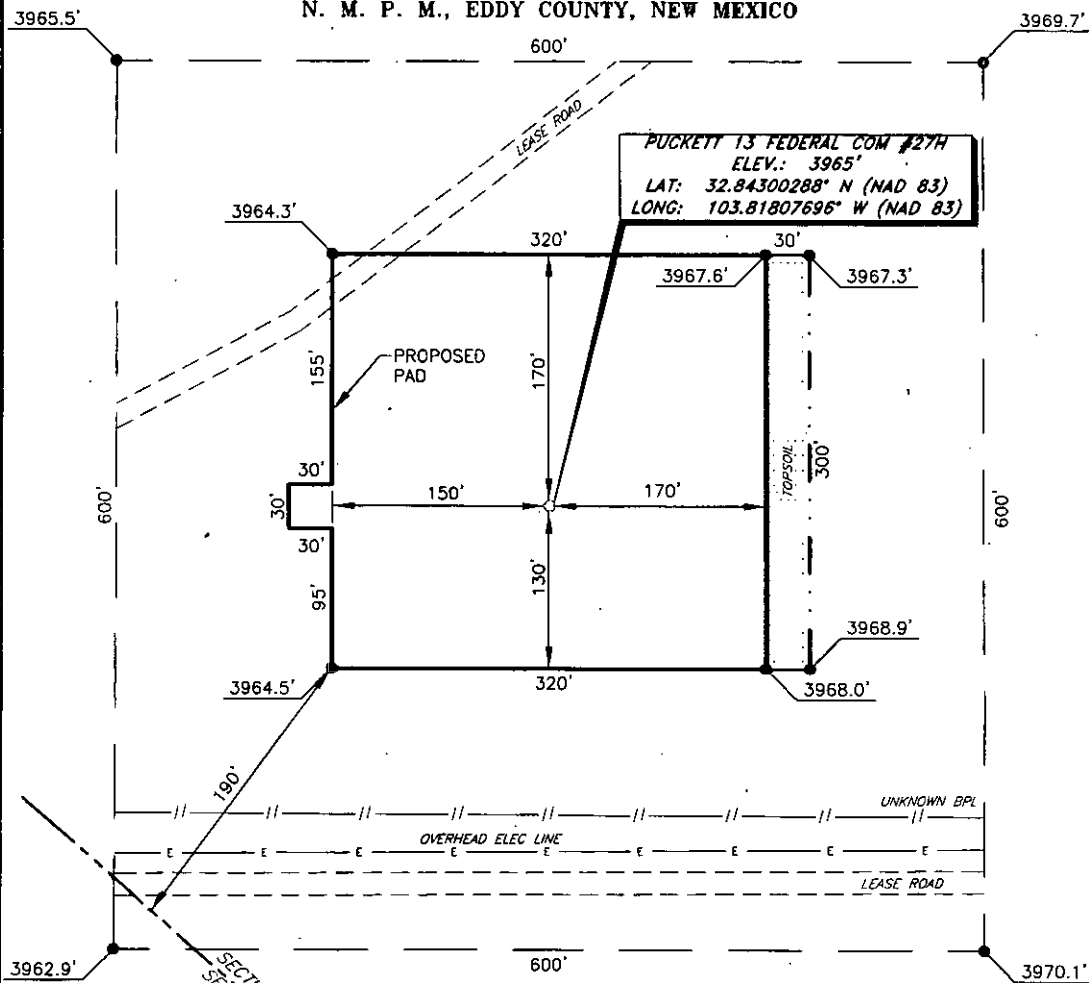
1 API Number 30-015- 43872		2 Pool Code 97213		3 Pool Name Fren; Glorieta-Yeso, East	
4 Property Code 313342		5 Property Name PUCKETT 13 FEDERAL COM			
7 OGRID NO 229137		8 Operator Name COG OPERATING, LLC			
9 Well Number 27H					
10 Elevation 3065'					
11 Surface Location					
U/L or lot no. P	Section 12	Township 17S	Range 31E	Lot Idn	Feet from the 387
				North South line SOUTH	Feet from the 1097
				East West line EAST	County HEDDY
12 Bottom Hole Location If Different From Surface					
U/L or lot no. P	Section 13	Township 17S	Range 31E	Lot Idn	Feet from the 330
				North South line SOUTH	Feet from the 990
				East West line EAST	County HEDDY
13 Dedicated Acres 160		14 Joint or Infill		15 Consolidation Code	
				16 Order No	

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

	<p>GEOGETIC DATA NAD 83 GRID - NM EAST</p> <p>SURFACE LOCATION N 570803.5 - E 699583.1 LAT: 32.84500288° N LONG: 103.81807666° W</p> <p>BOTTOM HOLE N 665467.3 - E 699720.7 LAT: 32.82833447° N LONG: 103.81771376° W</p> <p>CORNER DATA NAD 83 GRID - NM EAST</p> <p>A: FOUND ALUM CAP "RPL 7254" N 695107.5 - E 695429.1</p> <p>B: FOUND BRASS CAP "1916" N 670387.5 - E 695389.4</p> <p>C: FOUND BRASS CAP "1916" N 673027.3 - E 695384.5</p> <p>D: FOUND BRASS CAP "1916" N 675562.0 - E 695369.9</p> <p>E: FOUND BRASS CAP "1916" N 675697.1 - E 698011.5</p> <p>F: FOUND BRASS CAP "1913" N 675704.9 - E 700651.5</p> <p>G: FOUND BRASS CAP "1916" N 670424.7 - E 700652.0</p> <p>H: FOUND BRASS CAP "1916" N 665144.3 - E 700712.3</p> <p>1. CALCULATED POINT N 671744.8 - E 700674.4</p> <p>2. CALCULATED POINT N 671735.4 - E 699354.7</p> <p>3. CALCULATED POINT N 670415.2 - E 699352.5</p> <p>4. CALCULATED POINT N 665135.1 - E 699791.5</p>	<p>17 OPERATOR CERTIFICATION I hereby certify that the information shown hereon is true and correct to the best of my knowledge and belief, and that this information was obtained from reliable sources and is not a copy of any other information.</p> <p>Signature: <i>[Signature]</i> Date: 05/19/2011</p> <p>Printed Name: Robyn M. Russell</p> <p>E-mail Address: Russell@concha.com</p>
	<p>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>2-4-16 Date of Survey</p> <p>Signature and Seal of Surveyor: <i>[Signature]</i></p> <p>19680 Certificate Number</p>	

COG OPERATING, LLC

PUCKETT 13 FEDERAL COM #27H
(387' FNL & 1097' FEL)
SECTION 12, T17S, R31E
N. M. P. M., EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

From the intersection of CR-224 (Ripple Rd.) and US Hwy-82;
Go East on US Hwy-82 for approx. 0.8 miles to lease road on the left;
Turn left and go Northwest for approx. 0.1 miles to a "Y";
Turn right at "Y" and go Northeast for approx. 0.2 miles to location on the right.

THIS IS NOT A BOUNDARY SURVEY, APPARENT PROPERTY CORNERS AND PROPERTY LINES ARE SHOWN FOR INFORMATION ONLY. BOUNDARY DATA IS SHOWN FROM A PREVIOUS SURVEY REFERENCED HEREON.

I, R. M. Howett, a N. M. Professional Surveyor, hereby certify that this is an unclassified survey of a well location from an actual survey made on the ground under my direct supervision, said survey and plat meet the Min. Stcs. for 1980 Surveying in the State of N. M. and are true and correct to the best of my knowledge and belief.

Robert M. Howett
Robert M. Howett NM PS 19680

SCALE: 1" = 100'
0 50 100

BEARINGS ARE
NAD 83 GRID - NM EAST
DISTANCES ARE GROUND

Firm No.: TX 10193838 NM 4655451

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NO.	REVISION	DATE
JOB NO.:	LS11601016	
DWG. NO.:	1601016PAD	

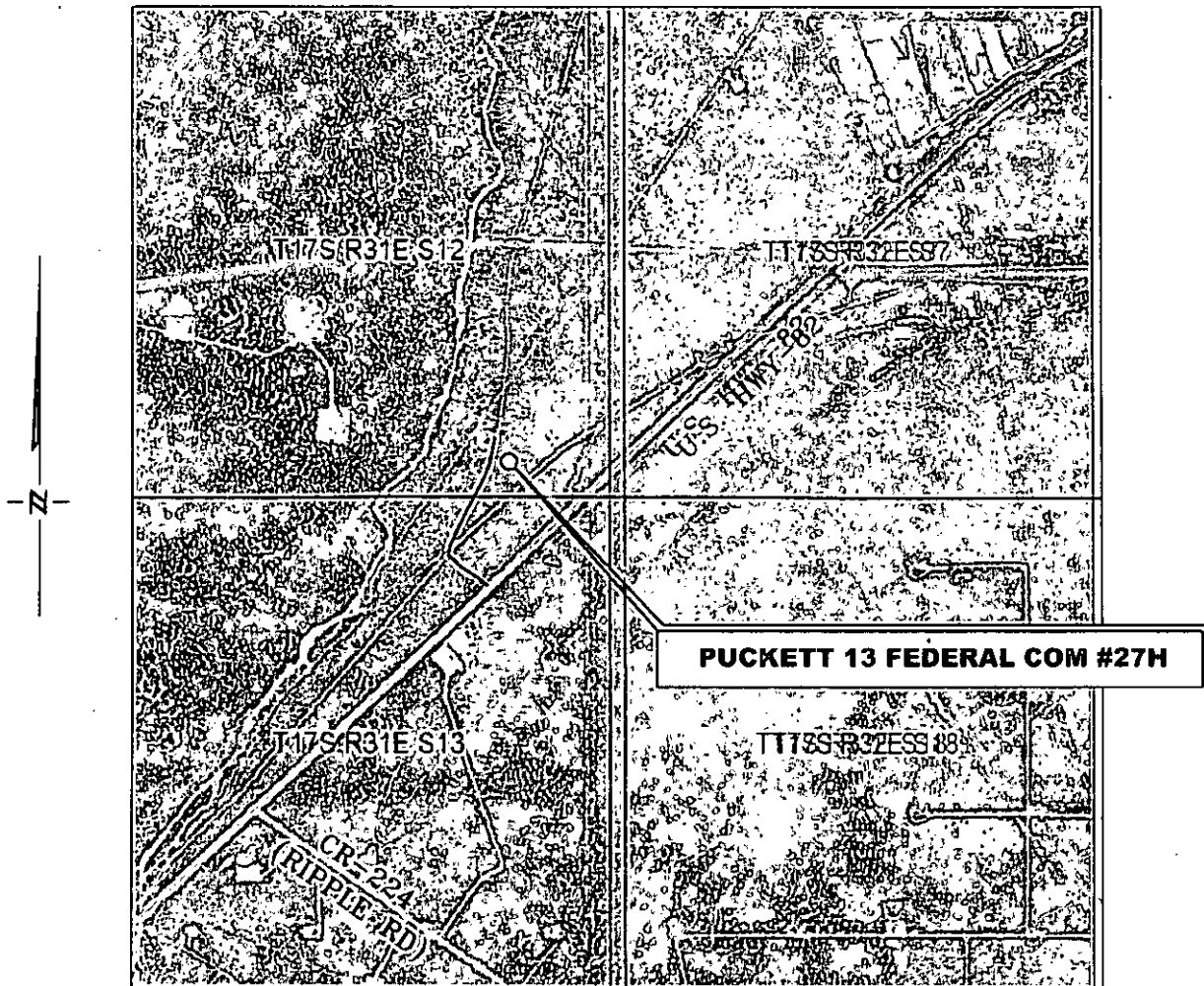
RRC

308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 100'
DATE: 2-4-2016
SURVEYED BY: ML/CE
DRAWN BY: JR
APPROVED BY: RMH
SHEET: 1 OF 1

VICINITY MAP

NOT TO SCALE



SECTION 12, TWP. 117 SOUTH, RGE. 31 EAST,
N. M. P. M., EDDY CO., NEW MEXICO

OPERATOR: COG Operating, LLC
LEASE: Puckett 13 Federal Com
WELL NO.: 27H

LOCATION: 387' FSL & 1097' FEL
ELEVATION: 3965'

Firm No.: TX 10193838 NM 4655451

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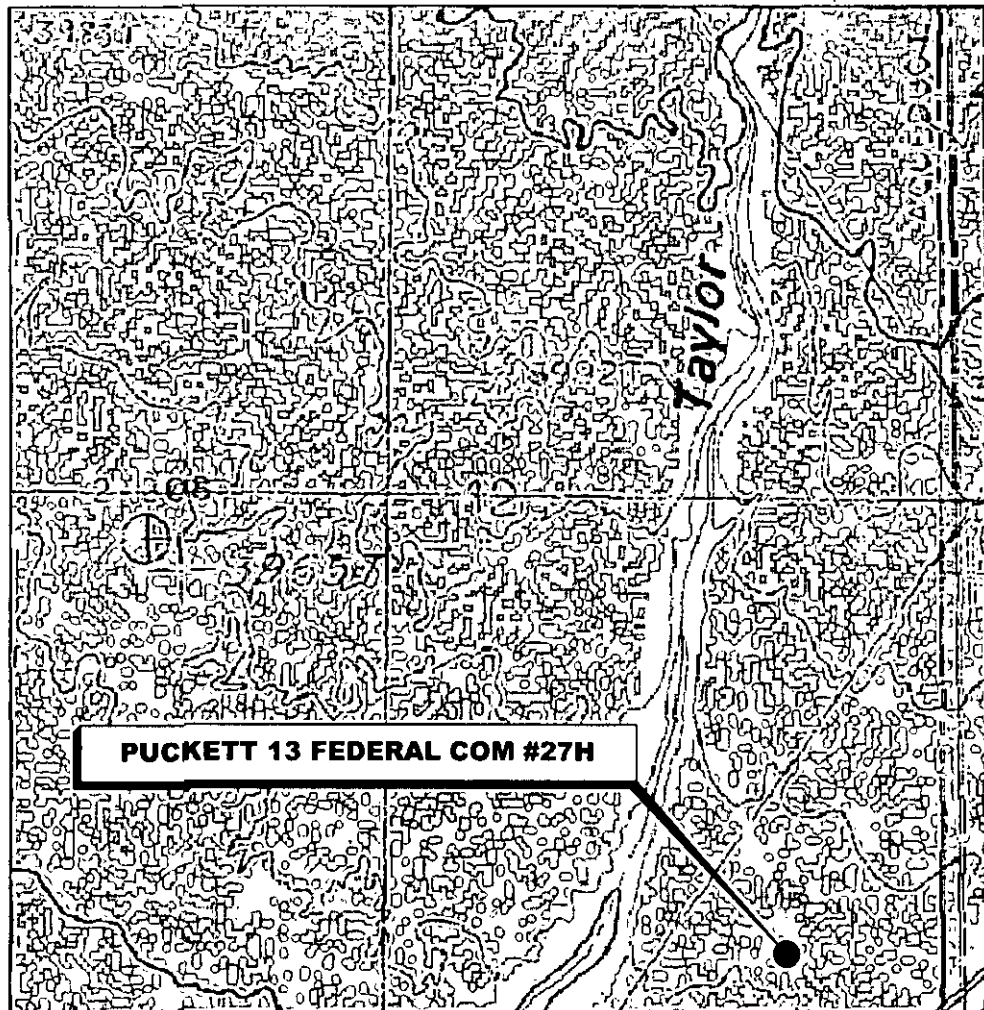
NO.	REVISION	DATE
JOB NO.:	LS1601016	
DWG. NO.:	1601016VM	

RRC

308 W. BROADWAY ST., HOBBS, NM 88240 (505) 964-8200

SCALE:	NTS
DATE:	2-4-16
SURVEYED BY:	ML/CE
DRAWN BY:	JR
APPROVED BY:	RMH
SHEET :	1 OF 1

LOCATION VERIFICATION MAP



*SECTION 12, TWP. 17 SOUTH, RGE. 31 EAST,
N. M. P. M., EDDY CO., NEW MEXICO*

OPERATOR: COG Operating, LLC
LEASE: Puckett 13 Federal Com
WELL NO.: 27H
ELEVATION: 3965'

LOCATION: 387' FSL & 1097' FEL
CONTOUR INTERVAL: 10'
USGS TOPO. SOURCE MAP:
Maljamar, NM (P. E. 1985)

Firm No.: TX 10193838 NM 4655451

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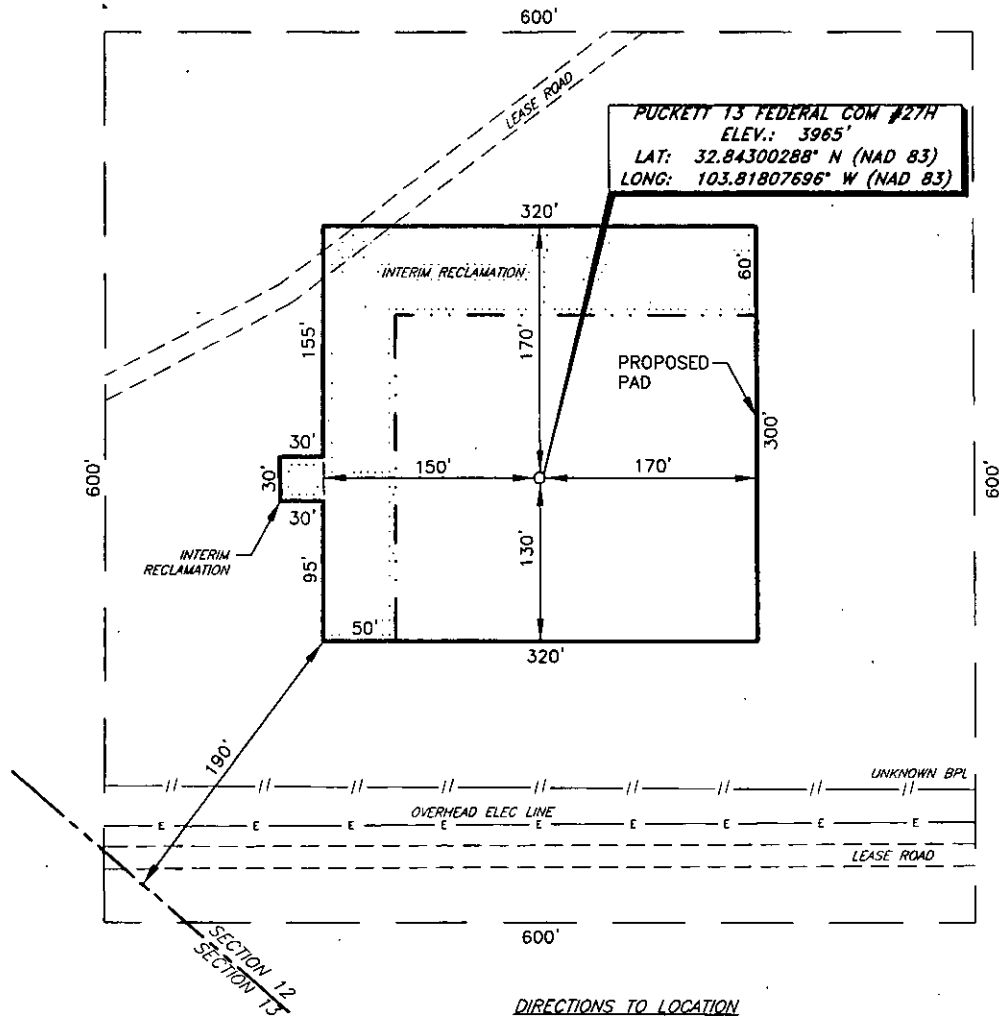
NO.	REVISION	DATE
JOB NO.: LS161016		
DWG. NO.: 1601016LVM		

RRC

308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1"=1000'
DATE: 2-4-16
SURVEYED BY: ML/CE
DRAWN BY: JR
APPROVED BY: RMH
SHEET : 1 OF 1

COG OPERATING, LLC
 INTERIM RECLAMATION
 PUCKETT 13 FEDERAL COM #27H
 (387' FNL & 1097' FEL)
 SECTION 12, T17S, R31E
 N. M. P. M., EDDY COUNTY, NEW MEXICO



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 Turn right at "Y" and go Northeast for approx. 0.2 miles to location on the right.

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 0 50 100

BEARINGS ARE
 NAD 83 GRID - NM EAST
 DISTANCES ARE GROUND

Firm No.: TX 10193838 NM 4655451

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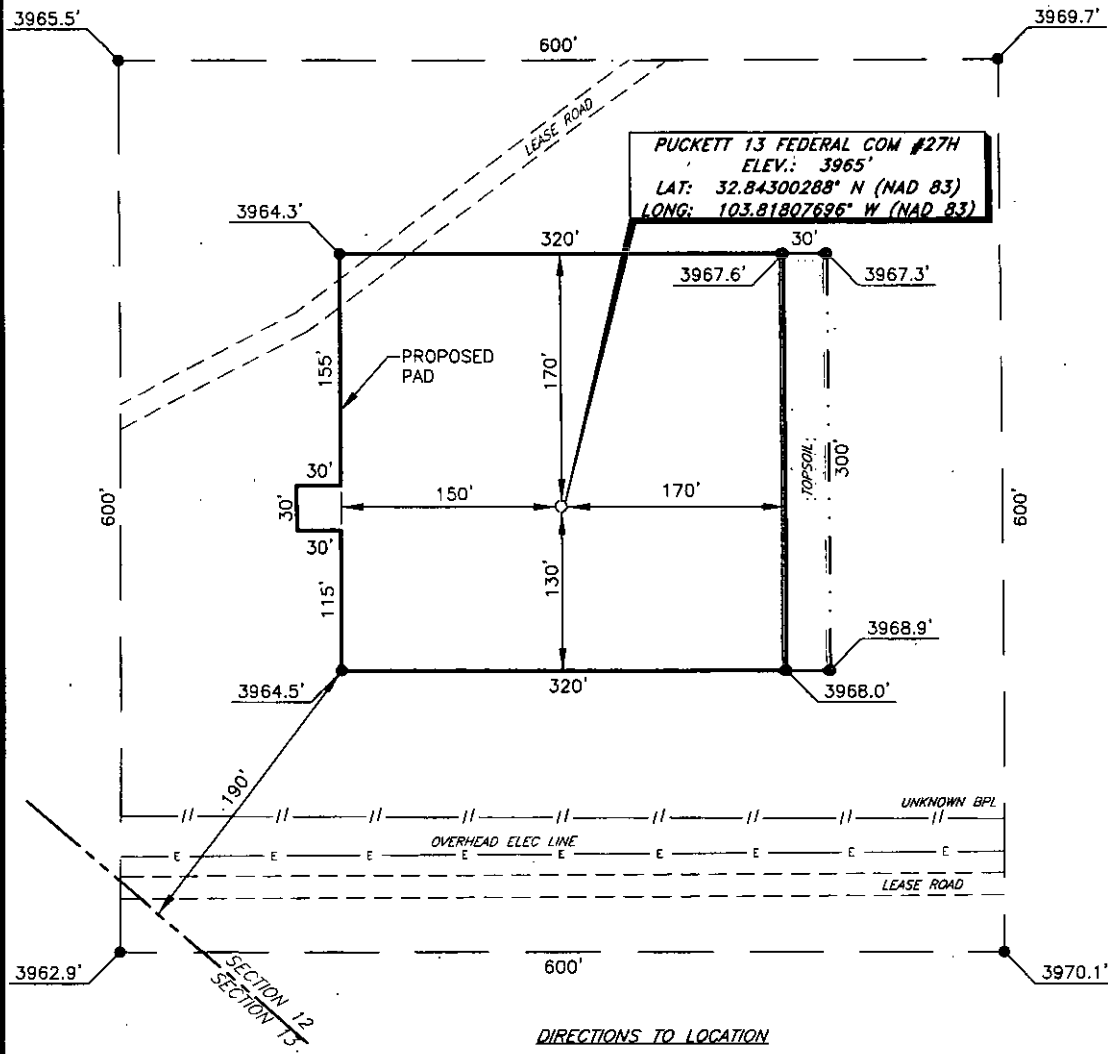
NO.	REVISION	DATE
JOB NO.:	LS11601016	
DWG. NO.:	1601016PAD	

RRC

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SURVEYED BY: ML/CE
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APPROVED BY: RMH
SHEET : 1 OF 1

COG OPERATING, LLC
 PUCKETT 13 FEDERAL COM #27H
 (387' FSL & 1097' FEL)
 SECTION 12, T17S, R31E
 N. M. P. M., EDDY COUNTY, NEW MEXICO



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I, R. M. Howett, a N. M. Professional Surveyor, hereby certify that I prepared this unclassified survey of a well location from an actual survey made on the ground under my direct supervision, said survey and plat meet the Min. Sts. (1988) Surveying in the State of N. M. and are true and correct to the best of my knowledge and belief.

Robert M. Howett
 Robert M. Howett NM PS 19680

SCALE: 1" = 100'

BEARINGS ARE
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 DISTANCES ARE GROUND

Firm No.: TX 10193838 NM 4655451

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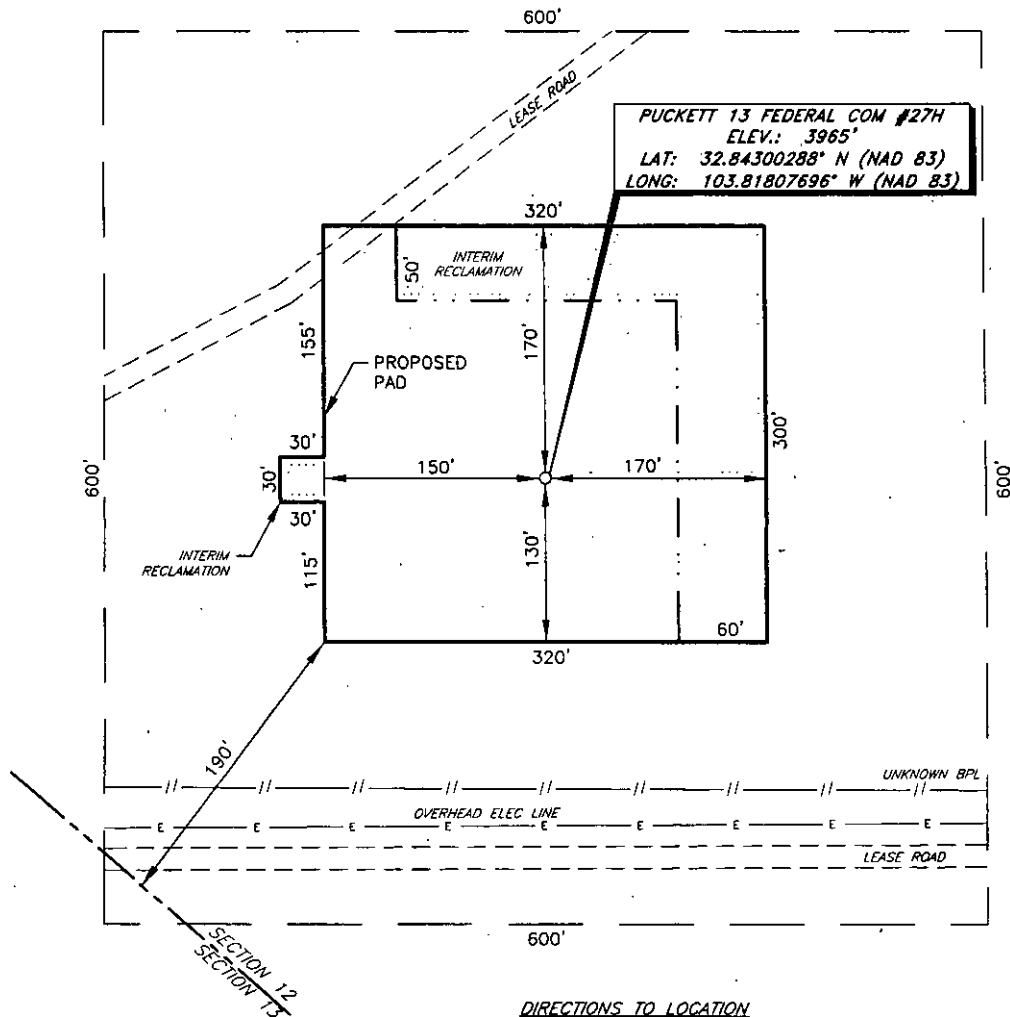
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SHEET: 1 OF 1

COG OPERATING, LLC
 INTERIM RECLAMATION
 PUCKETT 13 FEDERAL COM #27H
 (387' FSL & 1097' FEL)
 SECTION 12, T17S, R31E
 N. M. P. M., EDDY COUNTY, NEW MEXICO



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JOB NO.: LS11601016		
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RRC

308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 100'
DATE: 2-4-2016
SURVEYED BY: ML/CE
DRAWN BY: JR
APPROVED BY: RMH
SHEET: 1 OF 1

Surface Use & Operating Plan

Puckett 13 Federal Com 27H

- Surface Owner: Olane Caswell, 1702 Gillham, Brownfield, TX 79316
- New Road: approx. 0'
- Flow Line: approx. 2,000 feet
- Facilities: Puckett 13 Federal Com 8H Battery

Well Site Information

V Door: Southwest

Topsoil: Northeast

Interim Reclamation: Northwest/Northeast

Notes

-N/A

Onsite: 2/2/2016

Chad Young(BLM), Caden Jameson (COG), Gary Box (R.R.C.)

SURFACE USE AND OPERATING PLAN

1. Existing & Proposed Access Roads

- A. The well site survey and elevation plat for the proposed well is attached with this application. It was staked by Renewable Resource Consultants, LLC, Midland, TX.
- B. All roads to the location are shown in the Vicinity Map. The existing lease roads are illustrated and are adequate for travel during drilling and production operations. Upgrading existing roads prior to drilling the well will be done where necessary. The road route to the well site is depicted (red) in Vicinity Map. The road highlighted in the Vicinity Map will be used to access the well.
- C. Directions to location: See Vicinity Map.
- D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease. Roads will be maintained according to specifications in section 2A of this Surface Use and Operating Plan. For all caliche roads indicated in RED on the Vicinity Map roads will be maintained a minimum of 2 times per year in dry conditions and 3 times per year in wet conditions.

2. Proposed Access Road:

The Elevation Plat shows that 0' of new access road will be required for this location. If any road is required it will be constructed as follows:

- A. The maximum width of the running surface will be 20'. The road will be crowned, ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.
- B. The average grade will be less than 1%.
- C. No turnouts are planned.
- D. No culverts, cattle guard, gates, low water crossings or fence cuts are necessary.

Surfacing material will consist of native caliche. Caliche will be obtained from the actual well site if available. Secondary candidate source will be Caswell Ranch owned Caliche Pit located in NESE of Section 9 Township 17 South Range 32 East.

3. Location of Existing Well:

The 1-mile Map shows all existing wells within a one-mile radius of this well.

As shown on this plat there are numerous wells producing from the San Andres and Yeso formations.

4. Location of Existing and/or Proposed Facilities:

A. COG Operating LLC does operate a production facility on this lease indicated below in 4.B.

(1). With the exception of a wellhead and pumping unit there are no current plans for facilities, flares, tanks, vessels, and/or associated production equipment to be left on the well site after drilling and completions have finished.

B. If the well is productive, contemplated facilities will be as follows:

- 1) Production will be sent to the Puckett 13 Federal 8H Federal Tank Battery located in Section 12 at approx. 200' FSL & 400' FEL in T17S R31E.. The facility location is shown in Flowline Map.
- 2) The tank battery and facilities including all flow lines and piping will be installed according to API specifications.
- 3) Any additional caliche will be obtained from the actual well site. If caliche does not exist or is not plentiful from the well site the caliche will be hauled from secondary private source owned by Caswell Ranch owned Caliche Pit located in NESE of Section 9 Township 17 South Range 32 East.
- 4) Proposed flowlines (2), will follow an archaeologically approved route to the Puckett 13 Federal 8H Federal Tank Battery located in Section 12 at approx. 200' FSL & 400' FEL in T17S R31E. The flowlines will be SDR 7 3" poly line laid on the surface and will be approximately 2,000 feet in length. Normal working pressure of the flowline will be below 70 psi and carry a mixture of produced oil, water, and gas. Flowlines will follow existing well-traveled or proposed roads. See Flowline Map.
- 5) It will be necessary to run electric power if this well is productive. Power will be provided by Central Valley Electric (CVE). No right of way will be needed as necessary electric lines and poles will be built all on location with no disturbance off pad.
- 6) If the well is productive, rehabilitation plans will include the following:
 - The original topsoil from the well site will be returned to the location, and the site will be re-contoured as close as possible to the original site.

5. Location and Type of Water Supply:

The well will be drilled with combination brine and fresh water mud system as outlined in the drilling program. Water will be obtained from commercial water stations in the area and hauled to location by transport truck over the existing and proposed access roads shown in Vicinity Map. A fresh water source is nearby and fast line may be laid along existing road ROW's and fresh water pumped to the well. Water will originate from private wells location described on the attached "Water Well Description" attached to this APD (Loco Hills Water Disposal Co). No water well will be drilled on the location.

6. Source of Construction Materials and Location "Turn-Over" Procedure:

Obtaining caliche: The primary way of obtaining caliche to build locations and roads will be by "turning over" the location. This means, caliche will be obtained from the actual well sight. A caliche permit will be obtained from BLM prior to pushing up any caliche. 2400 cu. Yards is max amount of caliche needed for pad and roads. Amount will vary for each pad. The procedure below has been approved by BLM personnel:

- A. The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.**
- B. An approximate 120' X 120' area is used within the proposed well site to remove caliche.**
- C. Subsoil is removed and piled alongside the 120' by 120' area within the pad site.**
- D. When caliche is found, material will be stock piled within the pad site to build the location and road.**
- E. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.**
- F. Once well is drilled, the stock piled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced. Neither caliche nor subsoil will be stock piled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in attached plat.**
 - In the event that no caliche is found onsite, caliche will be hauled in from a BLM approved caliche pit or other established mineral pit. Candidate source will be caliche pit from Caswell Ranch owned Caliche Pit located in NESE of Section 9 Township 17 South Range 32 East.

7. Methods of Handling Water Disposal:

- A. The well will be drilled utilizing a closed loop mud system. Drill cuttings will be held in roll-off style mud box commercials and taken to R360's disposal site located at 4507 West Carlsbad Highway, Hobbs, NM 88240.
- B. Drilling fluids will be contained in steel mud pits and taken to R360's disposal site located at 4507 West Carlsbad Highway, Hobbs, NM 88240.
- C. Water produced from the well during completion will be held temporarily in steel tanks and then taken to an NMOCD approved commercial disposal facility. R360's disposal site located at 4507 West Carlsbad Highway, Hobbs, NM 88240.
- D. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved landfill-Lea Landfill LLC. Located at Mile Marker 64, Highway 62-180 East, P O Box 3247, Carlsbad, NM 88221. No toxic waste or hazardous chemicals will be produced by this operation.
- E. Human waste and grey water will need to be properly contained and disposed of. Proper disposal and elimination of waste and grey water may include but are not limited to portable septic systems and/or portable waste gathering systems (i.e. portable toilets).
- F. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. In the event of a dry hole only a dry hole marker will remain.
- G. Produced water from the well will be disposed of into COG Operating LLC's salt water disposal well system. Wells and respective locations are identified on the "SWD Well EXBT".

8. Ancillary Facilities:

No airstrip, campsite or other facilities will be built as a result of the operation on this well.

9. Well Site Layout:

- A. The drill pad layout, with elevations staked by Renewable Resource Consultants, LLC, is shown in the Well Pad Layout plat. Dimensions of the pad are also shown in Well Pad Layout plat. V door direction is Southwest. Topsoil, if available, will be stockpiled per BLM specifications. Because the pad is almost level no major cuts will be required.
- B. The Rig Layout Closed-Loop exhibit shows the proposed orientation of closed loop system and access road. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

Plans for Restoration of the Surface:

- A. Interim Reclamation will take place after the well has been completed. The pad will be downsized by reclaiming the areas not needed for production operations. The portions of the pad that are not needed for production operations will be re-contoured to its original state as much as possible. The caliche that is removed will be reused to either build another pad site or for road repairs within the lease. The stockpiled topsoil will then be spread out reclaimed area and reseeded with a BLM approved seed mixture. In the event that the well must be worked over or maintained, it may be necessary to drive, park, and/or operate machinery on reclaimed land. This area will be repaired or reclaimed after work is complete. Interim Reclamation will be completed within six months of completion operations.
- B. Final Reclamation: Upon plugging and abandoning the well all caliche for well pad and lease road will be removed and surface will be recountoured to reflect its surroundings as much as possible. Caliche will be recycled for road repair or reused for another well pad within the lease. If any topsoil remains, it will be spread out and the area will be reseeded with a BLM approved mixture and re-vegetated as per BLM orders. When required by BLM, the well pad site will be restored to match pre-construction grades. Final Reclamation will be completed within six months of abandonment.

11.Surface Ownership:

- A. The surface is multiple uses with the primary uses of the region for grazing of livestock and the production of oil and gas.
- B. The owner is Olane Caswell, 1702 Gillham, Brownfield, TX 79316 and a surface Use agreement has been reached.
- C. The proposed road routes and surface location will be restored as directed by the BLM

12.Other Information:

Surface Use Plan
COG Operating, LLC
Puckett 13 Federal Com 27H
SL: 387' FSL & 1097' FEL
Section 12, T-17-S, R-31-E
BHL: 330' FSL & 990' FEL
Section 13, T-17-S, R-31-E
Eddy County, New Mexico

UL P

UL P

- A. The area around the well site is grassland and the topsoil is sandy. The vegetation is moderately sparse with native prairie grasses, some mesquite and shinnery oak. No wildlife was observed but it is likely that mule deer, rabbits, coyotes and rodents traverse the area.
- B. There is no permanent or live water in the immediate area.
- C. There are no dwellings within 2 miles of this location.
- D. If needed, a Cultural Resources Examination is being prepared by Boone Arch Services of New Mexico, LLC. Carlsbad, NM, 88220. 506 E Chapman Rd. , phone # 575.887.7667 and the results will be forwarded to your office in the near future. Otherwise, **COG will be participating in the Permian Basin MOA Program.**

13. Bond Coverage:

Bond Coverage is Nationwide Bond # 000215

14. Lessee's and Operator's Representative:

The COG Operating LLC representative responsible for assuring compliance with the surface use plan is as follows:

Jim Evans

Ray Peterson

Drilling Superintendent

Drilling Manager

COG Operating LLC

COG Operating LLC

One Concho Center

One Concho Center

600 W. Illinois

600 W. Illinois

Midland, TX 79701

Midland, TX 79701

Phone (432) 685-4304 (office)

Phone (432) 685-4304 (office)

(432) 221-0346 (business)

(432) 818-2254 (business)

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access road proposed herein; that I am familiar with the conditions that presently

Surface Use Plan
COG Operating, LLC
Puckett 13 Federal Com 27H
SL: 387' FSL & 1097' FEL
Section 12, T-17-S, R-31-E
BHL: 330' FSL & 990' FEL
Section 13, T-17-S, R-31-E
Eddy County, New Mexico

ULP

ULP

exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or COG Operating, LLC, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 16th day of January, 2016.

Signed: _____



Printed Name: Carl Bird

Position: Sr. Drilling Engineer

Address: One Concho Center, 600 W. Illinois, Midland, Texas 79701

Telephone: (432) 683-7443

Field Representative (if not above signatory): Same

E-mail: cbird@concho.com

COG Operating LLC
Puckett 13 Federal Com #27H

1. Geologic Formations

TVD of target	6050'	Pilot hole depth	NA
MD at TD:	11175'	Deepest expected fresh water:	133'

Back Reef

Formation	Depth (TVD) from KB	Water/Mineral Bearing/ Target Zone?	Hazards*
Quaternary Fill	Surface	Fresh Water	
Rustler	680'	Brackish Water	
Top of Salt	870'	Salt	
Tansill	1910'	Barren	
Yates	2015'	Oil/Gas	
Seven Rivers	2350'	Oil/Gas	
Queen	2960'	Oil/Gas	
Grayburg	3380'	Oil/Gas	
San Andres	3720'	Oil/Gas	
Glorieta	5255'	Oil/Gas	
Paddock	5315'	Oil/Gas	
Blinberry	5725'	Target	
Tubb	6730'	Will not penetrate	

*H₂S, water flows, loss of circulation, abnormal pressures, etc.

2. Casing Program *See COA Original*

Hole Size	Casing Interval		Csg. Size	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	SF Tension
	From	To							
17.5"	0	750'	13.375"	48	H40	STC	4.38	4.35	14.1
12.25"	0	2050'	9.625"	40	J55	LTC	3.1	3.86	7.5
8.75"	0	5454'	7.0"	29	L80	LTC	2.69	1.48	4.27
8.75"	5454'	6382'	5.5"	17	L80	LTC	2.86	1.55	5.03
7.875"	6382'	11175'	5.5"	17	L80	LTC	2.86	1.55	5.03
<i>IN LATERAL</i> BLM Minimum Safety Factor							1.125	1	1.6 Dry 1.8 Wet

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

BLM standard formulas where used on all SF calculations

Assumed 9.2 ppg MW equivalent pore pressure from 9 5/8" shoe to Deepest TVD in wellbore.

See ATTACHED COA

COG Operating LLC
Puckett 13 Federal Com #27H

	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Is casing API approved? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	N
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria).	Y
Will the pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	Y
Is well located within Capitan Reef?	N
If yes, does production casing cement tie back a minimum of 50' above the Reef?	
Is well within the designated 4 string boundary.	N
Is well located in SOPA but not in R-111-P?	N
If yes, are the first 2 strings cemented to surface and 3 rd string cement tied back 500' into previous casing?	
Is well located in R-111-P and SOPA?	N
If yes, are the first three strings cemented to surface?	
Is 2 nd string set 100' to 600' below the base of salt?	
Is well located in high Cave/Karst?	N
If yes, are there two strings cemented to surface?	
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?	
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

3. Cementing Program *See COA original*

Casing	# Sk	Wt. lb/gal	Yld ft ³ /sk	H ₂ O gal/sk	500 psi Comp. Strength (hours)	Slurry Description
Surface Single Stage	425	13.5	1.75	9.2	13	Lead: Class C + 4% Gel + 2% CaCl ₂ + 0.25 pps CF
	200	14.8	1.32	6.3	6	Tail: Class C + 2% CaCl ₂ + 0.25 pps CF
Inter. Single stage	375	11.8	2.45	14.4	72	Lead: 50:50:10 C: Poz:Gel w/ 5% Salt + 5 pps LCM + 0.25 pps CF
	200	14.8	1.32	6.3	6	Tail: Class C w/ 2% CaCl ₂
IF DV Tool +/- 1055' ✓						
Inter. Multi- Stage	150	11.8	2.45	14.4	72	1 st stage Lead: 50:50:10 C: Poz:Gel w/ 5% Salt + 5 pps LCM + 0.25 pps CF
	200	14.8	1.32	6.3	6	1 st stage Tail: Class C w/ 2% Cacl ₂
	200	11.8	2.45	14.4	72	2nd stage Lead: 50:50:10 C: Poz:Gel w/ 5% Salt + 5 pps LCM + 0.25 pps CF

COG Operating LLC
Puckett 13 Federal Com #27H

Prod. Single Stage	625	12.5	2.01	11.4	22	Lead: 35:65:6 C:Poz Gel w/5% salt + 5 pps LCM + 0.2% SMS + 1% FL-25 + 1% Ba-58+0.3% FL-52A + 0.125 pps CF
	1600	14	1.37	6.4	10	Tail: 50:50:2 C:Pox Gel w/5% salt+3 pps LCM + 0.6% SMS + 1% FL-25 +1% BA-58+ 0.125 pps CF
<i>5504</i> ← DV/ECP Tool +/- 4000' <i>See COA -</i>						
Prod Multi-Stage	650	12.5	2.01	11.4	22	2 nd Stage Lead: 35:65:6 C:Poz Gel w/5% salt+5 pps LCM+0.2% SMS + 1% FL-25+1% BA-58+0.3% FL-52A+ 0.125 pps CF
	150	16.8	.99	4.8	6	2 nd Stage Tail: Class"C" w/0.3% R-3 + 1.5% CD-32
	200	12.5	2.01	11.4	22	1 st stage Lead: 35:65:6 C: PozGel w/5% salt + 5 pp LCM + 0.2% SMS + 1% FL-25+ 1% BA-58 + 0.3% FL-52A + 0.125 pps CF
	1350	14	1.37	6.4	10	1 st stage Tail: 50:50:2 C: PozGel w/5% salt + 3 pps LCM + 0.6% SMS + 1% FL-25 + 1% BA-58 + 0.125 pps CF

Casing String	TOC	% Excess
Surface	0'	50%
Intermediate	0'	50%
Production	0'	39%

4. Pressure Control Equipment * See attachment for further details***** *See COA original*

No	A variance is requested for the use of a diverter on the surface casing. See attached for schematic.
----	--

BOP installed and tested before drilling which hole?	Size?	Min Required WP	Type	✓	Tested to:
12-1/4"	13-5/8"	2M	Annular	X	2000 psi
			Blind Ram		
			Pipe Ram		
			Double Ram		
			Other*		
8-3/4" & 7 7/8"	13-5/8"	2M	Annular	X	2000 psi
			Blind Ram		
			Pipe Ram		
			Double Ram		
			Other*		

*Specify if additional ram is utilized.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a

See ATTACHED COA

COG Operating LLC
Puckett 13 Federal Com #27H

higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

NA	Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.
NA	A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.
NA	Are anchors required by manufacturer?
NA	A multibowl wellhead is being used. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested. <ul style="list-style-type: none"> • Provide description here. See attached schematic.

5. Mud Program

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From	To				
0	Surf. shoe	FW Gel	8.6-8.8	28-34	N/C
Surf shoe	Int shoe	Saturated Brine	10.0-10.2	28-34	N/C
Int shoe	TD	FW-Cut Brine	8.5-9.2	28-34	N/C

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times.

What will be used to monitor the loss or gain of fluid?	PVT/Pason/Visual Monitoring
---	-----------------------------

*See ATTACHED
COA*

COG Operating LLC
Puckett 13 Federal Com #27H

6. Logging and Testing Procedures

** See COA original*

Logging, Coring and Testing:	
X	Will run Cased hole GR/CNL from KOP to surface. Stated logs run will be in the Completion Report and submitted to the BLM.
No	Open hole logs are planned from KOP to Intermediate casing shoe.
No	Drill stem test? If yes, explain
No	Coring? If yes, explain

Additional logs planned	Interval
	Resistivity
	Density
	CBL
X	Mud log
	PEX/HRLA/HNGS
	Int. shoe to KOP
	Int. shoe to KOP
	Production casing
	Intermediate shoe to TD
	Intermediate shoe to KOP

7. Drilling Conditions

See COA Original

Condition	Specify what type and where?
BH Pressure at deepest TVD	2662 psi
Abnormal Temperature	No

Mitigation measure for abnormal conditions.

Hydrogen Sulfide (H₂S) monitors will be installed prior to drilling out the surface shoe. If H₂S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.

NO	H ₂ S is present
Yes	H ₂ S Plan attached

8. Other facets of operation

Is this a walking operation? No.

Will be pre-setting casing? No

Completed intervals will be fracture stimulated

Attachments:

Directional Plan

Multi-stage Cement details

BOP description

*See ATTACHED
COA*

COG Operating LLC
Puckett 13 Federal Com #27H

Multi-stage Cement details:

Discussion of DV Tool cement options:

9 5/8" DV tool cement option is proposed for approval. This may become necessary if lost circulation occurs while drilling the 12 1/4" intermediate hole. DV tool depth will be based on hole conditions. Cement volumes will be adjusted proportionally. DV Tool will be set a minimum of 50 feet below previous casing and a minimum of 200 feet above current shoe.

7" DV tool cement option is proposed for approval. This may become necessary if water flows in the San Andres are encountered. These water flows normally occur in areas where produced water disposal is happening. This dense cement is used to combat water flows. This cement recipe also has a right angle set time and is mixed a little under saturated so the water flow will be absorbed by cement. DV tool depth will be based on hole conditions. Cement volumes will be adjusted proportionally. DV tool will be set a minimum of 50 feet below previous casing and a minimum of 200 feet above current shoe.

CUB 8/11/16

*See ATTACHED
COA*



COG Operating LLC

Eddy County, NM (NAD-27 2015)

Puckett 13 Federal Com #27H

SHL: 387' FSL, 1097' FEL, Sec 12, T17S, R31E, Unit P

PP: 330' FNL, 970' FEL, Sec 13, T17S, R31E, Unit A

BHL: 330' FSL, 990' FEL, Sec 13, T17S, R31E, Unit P

Plan: Design #2

Standard Planning Report

19 May, 2016





Database: EDM 5000.1 Single User Db
Company: COG Operating LLC
Project: Eddy County, NM (NAD-27 2015)
Site: Puckett 13 Federal Com #27H
Well: SHL: 387' FSL, 1097' FEL, Sec 12, T17S, R31E, Unit P
Wellbore: BHL: 330' FSL, 990' FEL, Sec 13, T17S, R31E, Unit P
Design: Design #2

Local Co-ordinate Reference: Well SHL: 387' FSL, 1097' FEL, Sec 12, T17S, R31E, Unit P
TVD Reference: KB @ 3983.00usft (Silver Oak 3)
MD Reference: KB @ 3983.00usft (Silver Oak 3)
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Project: Eddy County, NM (NAD-27 2015)

Map System: US State Plane 1927 (Exact solution)
Geo Datum: NAD 1927 (NADCON CONUS)
Map Zone: New Mexico East 3001

System Datum: Mean Sea Level

Site: Puckett 13 Federal Com #27H

Site Position: Northing: 670,739.20 usft Latitude: 32° 50' 34.384 N
From: Map Easting: 658,404.70 usft Longitude: 103° 49' 3.255 W
Position Uncertainty: 0.00 usft Slot Radius: 13.20 in Grid Convergence: 0.28 °

Well: SHL: 387' FSL, 1097' FEL, Sec 12, T17S, R31E, Unit P

Well Position: +N/-S 0.00 usft Northing: 670,739.20 usft Latitude: 32° 50' 34.384 N
+E/-W 0.00 usft Easting: 658,404.70 usft Longitude: 103° 49' 3.255 W
Position Uncertainty: 0.00 usft Wellhead Elevation: 0.00 usft Ground Level: 3,965.00 usft

Wellbore: BHL: 330' FSL, 990' FEL, Sec 13, T17S, R31E, Unit P

Magnetics: Model Name Sample Date Declination Dip Angle Field Strength
IGRF2015 5/19/2016 7.23 60.60 48,387

Design: Design #2

Audit Notes:

Version: Phase: PLAN Tie On Depth: 0.00

Vertical Section: Depth From (TVD) +N/-S +E/-W Direction
(usft) (usft) (usft) (°)
0.00 0.00 0.00 178.52

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5,529.13	0.00	0.00	5,529.13	0.00	0.00	0.00	0.00	0.00	0.00	
6,347.31	90.00	168.73	6,050.00	-510.83	101.80	11.00	11.00	0.00	168.73	
6,723.46	90.00	180.01	6,050.00	-884.56	138.62	3.00	0.00	3.00	90.00	
11,174.90	90.00	180.01	6,050.00	-5,336.00	137.50	0.00	0.00	0.00	0.00	PBHL (P13FC #27H/L)



Database: EDM 5000.1 Single User Db

Local Co-ordinate Reference:

Well: SHL: 387' FSL, 1097' FEL, Sec 12,
T17S, R31E, Unit P

Company: COG Operating LLC

TVD Reference:

KB @ 3983.00usft (Silver Oak 3)

Project: Eddy County, NM (NAD-27 2015)

MD Reference:

KB @ 3983.00usft (Silver Oak 3)

Site: Puckett 13 Federal Com #27H

North Reference:

Grid

Well: SHL: 387' FSL, 1097' FEL, Sec 12, T17S,
R31E, Unit P

Survey Calculation Method:

Minimum Curvature

Wellbore: BHL: 330' FSL, 990' FEL, Sec 13, T17S,
R31E, Unit P

Design: Design #2

Planned Survey:

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	0.00	0.00
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	0.00	0.00
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00
600.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	0.00
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00	0.00	0.00
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00	0.00	0.00
900.00	0.00	0.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00
1,000.00	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00
1,100.00	0.00	0.00	1,100.00	0.00	0.00	0.00	0.00	0.00	0.00
1,200.00	0.00	0.00	1,200.00	0.00	0.00	0.00	0.00	0.00	0.00
1,300.00	0.00	0.00	1,300.00	0.00	0.00	0.00	0.00	0.00	0.00
1,400.00	0.00	0.00	1,400.00	0.00	0.00	0.00	0.00	0.00	0.00
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00
1,600.00	0.00	0.00	1,600.00	0.00	0.00	0.00	0.00	0.00	0.00
1,700.00	0.00	0.00	1,700.00	0.00	0.00	0.00	0.00	0.00	0.00
1,800.00	0.00	0.00	1,800.00	0.00	0.00	0.00	0.00	0.00	0.00
1,900.00	0.00	0.00	1,900.00	0.00	0.00	0.00	0.00	0.00	0.00
2,000.00	0.00	0.00	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00
2,100.00	0.00	0.00	2,100.00	0.00	0.00	0.00	0.00	0.00	0.00
2,200.00	0.00	0.00	2,200.00	0.00	0.00	0.00	0.00	0.00	0.00
2,300.00	0.00	0.00	2,300.00	0.00	0.00	0.00	0.00	0.00	0.00
2,400.00	0.00	0.00	2,400.00	0.00	0.00	0.00	0.00	0.00	0.00
2,500.00	0.00	0.00	2,500.00	0.00	0.00	0.00	0.00	0.00	0.00
2,600.00	0.00	0.00	2,600.00	0.00	0.00	0.00	0.00	0.00	0.00
2,700.00	0.00	0.00	2,700.00	0.00	0.00	0.00	0.00	0.00	0.00
2,800.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00	0.00	0.00
2,900.00	0.00	0.00	2,900.00	0.00	0.00	0.00	0.00	0.00	0.00
3,000.00	0.00	0.00	3,000.00	0.00	0.00	0.00	0.00	0.00	0.00
3,100.00	0.00	0.00	3,100.00	0.00	0.00	0.00	0.00	0.00	0.00
3,200.00	0.00	0.00	3,200.00	0.00	0.00	0.00	0.00	0.00	0.00
3,300.00	0.00	0.00	3,300.00	0.00	0.00	0.00	0.00	0.00	0.00
3,400.00	0.00	0.00	3,400.00	0.00	0.00	0.00	0.00	0.00	0.00
3,500.00	0.00	0.00	3,500.00	0.00	0.00	0.00	0.00	0.00	0.00
3,600.00	0.00	0.00	3,600.00	0.00	0.00	0.00	0.00	0.00	0.00
3,700.00	0.00	0.00	3,700.00	0.00	0.00	0.00	0.00	0.00	0.00
3,800.00	0.00	0.00	3,800.00	0.00	0.00	0.00	0.00	0.00	0.00
3,900.00	0.00	0.00	3,900.00	0.00	0.00	0.00	0.00	0.00	0.00
4,000.00	0.00	0.00	4,000.00	0.00	0.00	0.00	0.00	0.00	0.00
4,100.00	0.00	0.00	4,100.00	0.00	0.00	0.00	0.00	0.00	0.00
4,200.00	0.00	0.00	4,200.00	0.00	0.00	0.00	0.00	0.00	0.00
4,300.00	0.00	0.00	4,300.00	0.00	0.00	0.00	0.00	0.00	0.00
4,400.00	0.00	0.00	4,400.00	0.00	0.00	0.00	0.00	0.00	0.00
4,500.00	0.00	0.00	4,500.00	0.00	0.00	0.00	0.00	0.00	0.00
4,600.00	0.00	0.00	4,600.00	0.00	0.00	0.00	0.00	0.00	0.00
4,700.00	0.00	0.00	4,700.00	0.00	0.00	0.00	0.00	0.00	0.00
4,800.00	0.00	0.00	4,800.00	0.00	0.00	0.00	0.00	0.00	0.00
4,900.00	0.00	0.00	4,900.00	0.00	0.00	0.00	0.00	0.00	0.00
5,000.00	0.00	0.00	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00



Database: EDM 5000.1 Single User Db

Local Co-ordinate Reference:

Well SHL: 387' FSL, 1097' FEL, Sec 12,
T17S, R31E, Unit P

Company: COG Operating LLC

TVD Reference:

KB @ 3983.00usft (Silver Oak 3)

Project: Eddy County, NM (NAD-27 2015)

MD Reference:

KB @ 3983.00usft (Silver Oak 3)

Site: Puckett 13 Federal Com #27H

North Reference:

Grid

Well: SHL: 387' FSL, 1097' FEL, Sec 12, T17S,
R31E, Unit P

Survey Calculation Method:

Minimum Curvature

Wellbore: BHL: 330' FSL, 990' FEL, Sec 13, T17S,
R31E, Unit P

Design: Design #2

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
5,100.00	0.00	0.00	5,100.00	0.00	0.00	0.00	0.00	0.00	0.00
5,200.00	0.00	0.00	5,200.00	0.00	0.00	0.00	0.00	0.00	0.00
5,300.00	0.00	0.00	5,300.00	0.00	0.00	0.00	0.00	0.00	0.00
5,400.00	0.00	0.00	5,400.00	0.00	0.00	0.00	0.00	0.00	0.00
5,500.00	0.00	0.00	5,500.00	0.00	0.00	0.00	0.00	0.00	0.00
5,529.13	0.00	0.00	5,529.13	0.00	0.00	0.00	0.00	0.00	0.00
Start Build 11.00									
5,550.00	2.30	168.73	5,549.99	-0.41	0.08	0.41	11.00	11.00	0.00
5,600.00	7.80	168.73	5,599.78	-4.72	0.94	4.74	11.00	11.00	0.00
5,650.00	13.30	168.73	5,648.92	-13.69	2.73	13.76	11.00	11.00	0.00
5,700.00	18.80	168.73	5,696.95	-27.24	5.43	27.37	11.00	11.00	0.00
5,750.00	24.30	168.73	5,743.44	-45.24	9.02	45.46	11.00	11.00	0.00
5,800.00	29.80	168.73	5,787.96	-67.53	13.46	67.85	11.00	11.00	0.00
5,850.00	35.30	168.73	5,830.09	-93.90	18.71	94.35	11.00	11.00	0.00
5,900.00	40.80	168.73	5,869.45	-124.11	24.73	124.70	11.00	11.00	0.00
5,950.00	46.30	168.73	5,905.68	-157.88	31.46	158.64	11.00	11.00	0.00
6,000.00	51.80	168.73	5,938.44	-194.90	38.84	195.83	11.00	11.00	0.00
6,050.00	57.30	168.73	5,967.43	-234.83	46.79	235.95	11.00	11.00	0.00
6,100.00	62.80	168.73	5,992.38	-277.29	55.26	278.63	11.00	11.00	0.00
6,150.00	68.30	168.73	6,013.07	-321.91	64.15	323.46	11.00	11.00	0.00
6,200.00	73.80	168.73	6,029.31	-368.27	73.39	370.04	11.00	11.00	0.00
6,250.00	79.30	168.73	6,040.94	-415.95	82.89	417.94	11.00	11.00	0.00
6,300.00	84.80	168.73	6,047.85	-464.49	92.56	466.72	11.00	11.00	0.00
6,347.31	90.00	168.73	6,050.00	-510.83	101.79	513.28	11.00	11.00	0.00
Start DLS 3.00 TFO 90.00									
6,400.00	90.00	170.31	6,050.00	-562.63	111.38	565.32	3.00	0.00	3.00
6,500.00	90.00	173.31	6,050.00	-661.60	125.62	664.62	3.00	0.00	3.00
6,600.00	90.00	176.31	6,050.00	-761.18	134.66	764.40	3.00	0.00	3.00
6,700.00	90.00	179.31	6,050.00	-861.10	138.48	864.38	3.00	0.00	3.00
6,723.46	90.00	180.01	6,050.00	-884.56	138.62	887.83	3.00	0.00	3.00
Start 4451.44 hold at 6723.46 MD									
6,800.00	90.00	180.01	6,050.00	-961.10	138.60	964.35	0.00	0.00	0.00
6,900.00	90.00	180.01	6,050.00	-1,061.10	138.58	1,064.31	0.00	0.00	0.00
7,000.00	90.00	180.01	6,050.00	-1,161.10	138.55	1,164.28	0.00	0.00	0.00
7,100.00	90.00	180.01	6,050.00	-1,261.10	138.53	1,264.25	0.00	0.00	0.00
7,200.00	90.00	180.01	6,050.00	-1,361.10	138.50	1,364.21	0.00	0.00	0.00
7,300.00	90.00	180.01	6,050.00	-1,461.10	138.48	1,464.18	0.00	0.00	0.00
7,400.00	90.00	180.01	6,050.00	-1,561.10	138.45	1,564.15	0.00	0.00	0.00
7,500.00	90.00	180.01	6,050.00	-1,661.10	138.43	1,664.11	0.00	0.00	0.00
7,600.00	90.00	180.01	6,050.00	-1,761.10	138.40	1,764.08	0.00	0.00	0.00
7,700.00	90.00	180.01	6,050.00	-1,861.10	138.38	1,864.04	0.00	0.00	0.00
7,800.00	90.00	180.01	6,050.00	-1,961.10	138.35	1,964.01	0.00	0.00	0.00
7,900.00	90.00	180.01	6,050.00	-2,061.10	138.33	2,063.98	0.00	0.00	0.00
8,000.00	90.00	180.01	6,050.00	-2,161.10	138.30	2,163.94	0.00	0.00	0.00
8,100.00	90.00	180.01	6,050.00	-2,261.10	138.28	2,263.91	0.00	0.00	0.00
8,200.00	90.00	180.01	6,050.00	-2,361.10	138.25	2,363.88	0.00	0.00	0.00
8,300.00	90.00	180.01	6,050.00	-2,461.10	138.23	2,463.84	0.00	0.00	0.00
8,400.00	90.00	180.01	6,050.00	-2,561.10	138.20	2,563.81	0.00	0.00	0.00
8,500.00	90.00	180.01	6,050.00	-2,661.10	138.17	2,663.77	0.00	0.00	0.00
8,600.00	90.00	180.01	6,050.00	-2,761.10	138.15	2,763.74	0.00	0.00	0.00
8,700.00	90.00	180.01	6,050.00	-2,861.10	138.12	2,863.71	0.00	0.00	0.00

Database: EDM 5000.1 Single User Db
Company: COG Operating LLC
Project: Eddy County, NM (NAD-27 2015)
Site: Puckett 13 Federal Com #27H
Well: SHL: 387' FSL, 1097' FEL, Sec 12, T17S, R31E, Unit P
Wellbore: BHL: 330' FSL, 990' FEL, Sec 13, T17S, R31E, Unit P
Design: Design #2

Local Co-ordinate Reference: Well SHL: 387' FSL, 1097' FEL, Sec 12, T17S, R31E, Unit P
TVD Reference: KB @ 3983.00usft (Silver Oak 3)
MD Reference: KB @ 3983.00usft (Silver Oak 3)
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
8,800.00	90.00	180.01	6,050.00	-2,961.10	138.10	2,963.67	0.00	0.00	0.00
8,900.00	90.00	180.01	6,050.00	-3,061.10	138.07	3,063.64	0.00	0.00	0.00
9,000.00	90.00	180.01	6,050.00	-3,161.10	138.05	3,163.60	0.00	0.00	0.00
9,100.00	90.00	180.01	6,050.00	-3,261.10	138.02	3,263.57	0.00	0.00	0.00
9,200.00	90.00	180.01	6,050.00	-3,361.10	138.00	3,363.54	0.00	0.00	0.00
9,300.00	90.00	180.01	6,050.00	-3,461.10	137.97	3,463.50	0.00	0.00	0.00
9,400.00	90.00	180.01	6,050.00	-3,561.10	137.95	3,563.47	0.00	0.00	0.00
9,500.00	90.00	180.01	6,050.00	-3,661.10	137.92	3,663.44	0.00	0.00	0.00
9,600.00	90.00	180.01	6,050.00	-3,761.10	137.90	3,763.40	0.00	0.00	0.00
9,700.00	90.00	180.01	6,050.00	-3,861.10	137.87	3,863.37	0.00	0.00	0.00
9,800.00	90.00	180.01	6,050.00	-3,961.10	137.85	3,963.33	0.00	0.00	0.00
9,900.00	90.00	180.01	6,050.00	-4,061.10	137.82	4,063.30	0.00	0.00	0.00
10,000.00	90.00	180.01	6,050.00	-4,161.10	137.80	4,163.27	0.00	0.00	0.00
10,100.00	90.00	180.01	6,050.00	-4,261.10	137.77	4,263.23	0.00	0.00	0.00
10,200.00	90.00	180.01	6,050.00	-4,361.10	137.75	4,363.20	0.00	0.00	0.00
10,300.00	90.00	180.01	6,050.00	-4,461.10	137.72	4,463.16	0.00	0.00	0.00
10,400.00	90.00	180.01	6,050.00	-4,561.10	137.70	4,563.13	0.00	0.00	0.00
10,500.00	90.00	180.01	6,050.00	-4,661.10	137.67	4,663.10	0.00	0.00	0.00
10,600.00	90.00	180.01	6,050.00	-4,761.10	137.64	4,763.06	0.00	0.00	0.00
10,700.00	90.00	180.01	6,050.00	-4,861.10	137.62	4,863.03	0.00	0.00	0.00
10,800.00	90.00	180.01	6,050.00	-4,961.10	137.59	4,963.00	0.00	0.00	0.00
10,900.00	90.00	180.01	6,050.00	-5,061.10	137.57	5,062.96	0.00	0.00	0.00
11,000.00	90.00	180.01	6,050.00	-5,161.10	137.54	5,162.93	0.00	0.00	0.00
11,100.00	90.00	180.01	6,050.00	-5,261.10	137.52	5,262.89	0.00	0.00	0.00
11,174.90	90.00	180.01	6,050.00	-5,336.00	137.50	5,337.77	0.00	0.00	0.00

TD at 11174.90

Design Targets

Target Name	hit/miss target Shape	Dip Angle (°)	Dip Dir (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
KOP (P13FC #27H/L1 D	- plan hits target center - Point	0.00	0.00	5,529.13	0.00	0.00	670,739.20	658,404.70	32° 50' 34.384 N	103° 49' 3.255 W
END TURN (P13FC #27	- plan hits target center - Point	0.00	0.00	6,050.00	-884.56	138.62	669,854.65	658,543.33	32° 50' 25.624 N	103° 49' 1.681 W
EOC/TURN (P13FC #27	- plan hits target center - Point	0.00	0.00	6,050.00	-510.83	101.79	670,228.38	658,506.50	32° 50' 29.324 N	103° 49' 2.091 W
PP (P13FC #27H/L1 De	- plan hits target center - Point	0.00	0.00	6,050.00	-715.66	131.18	670,023.55	658,535.89	32° 50' 27.296 N	103° 49' 1.758 W
PBHL (P13FC #27H/L1	- plan hits target center - Point	0.00	0.00	6,050.00	-5,336.00	137.50	665,403.20	658,542.20	32° 49' 41.577 N	103° 49' 1.949 W

Database: EDM 5000.1 Single User Db
Company: COG Operating LLC
Project: Eddy County, NM (NAD-27 2015)
Site: Puckett 13 Federal Com #27H
Well: SHL: 387' FSL, 1097' FEL, Sec 12, T17S, R31E, Unit P
Wellbore: BHL: 330' FSL, 990' FEL, Sec 13, T17S, R31E, Unit P
Design: Design #2

Local Co-ordinate Reference: Well SHL: 387' FSL, 1097' FEL, Sec 12, T17S, R31E, Unit P
TVD Reference: KB @ 3983.00usft (Silver Oak 3)
MD Reference: KB @ 3983.00usft (Silver Oak 3)
North Reference: Grid
Survey Calculation Method: Minimum Curvature

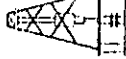
Plan Annotations				
Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates		Comment
		+N/-S (usft)	+E/-W (usft)	
5,529.13	5,529.13	0.00	0.00	Start Build 11.00
6,347.31	6,050.00	-510.83	101.79	Start DLS 3.00 TFO 90.00
6,723.46	6,050.00	-884.56	138.62	Start 4451.44 hold at 6723.46 MD
11,174.90	6,050.00	-5,336.00	137.50	TD at 11174.90



COG Operating LLC
Project: Eddy County, NM (NAD-27 2015)
Site: Puckett 13 Federal Com #27H

Well: SHL: 387 FSL, 1097 FEL, Sec 12, T17S, R31E, Unit P
Wellbore: BHL: 330' FSL, 990' FEL, Sec 13, T17S, R31E, Unit P

Plan: Design #2 (SHL: 387 FSL, 1097 FEL, Sec 12, T17S, R31E, Unit P/BHL: 330' FSL, 990' FEL, Sec 13, T17S, R31E, Unit P)



KOP @ 3983.00usft (Silver Oak 3)
Ground Level: 3965.00

Section Details

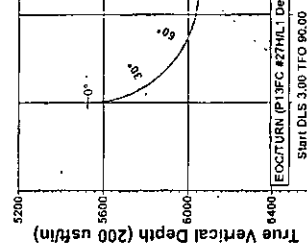
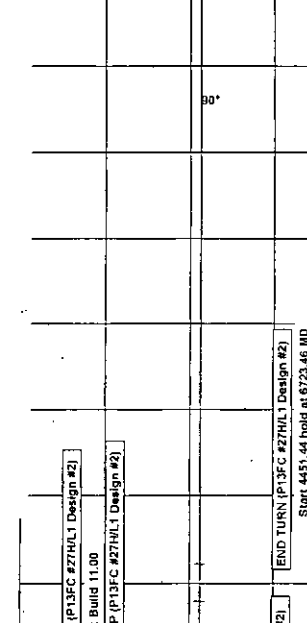
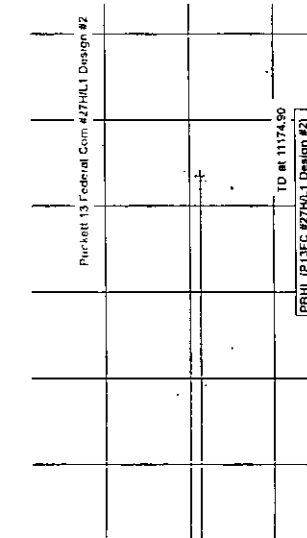
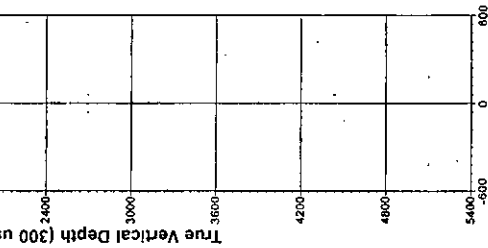
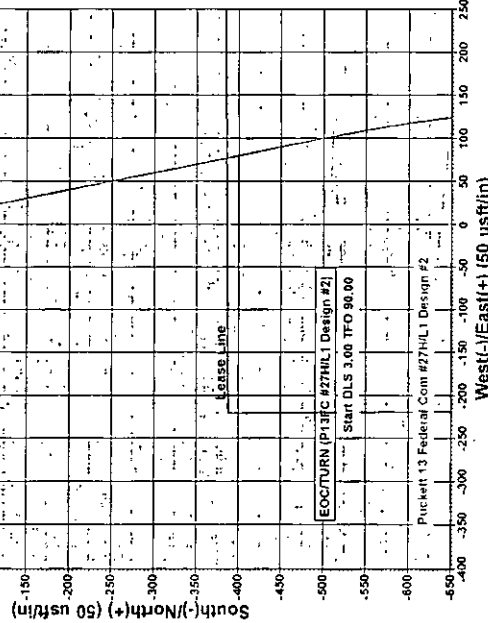
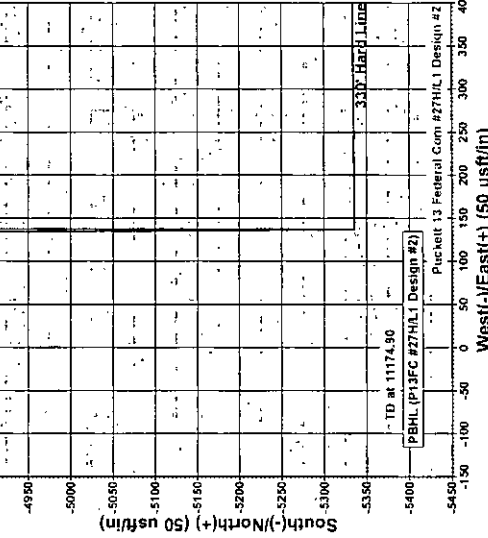
Sec	MD	Inc	Azi	TVD	+N-S	+E-W	Dleg	TFace	Vsect
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	5529.13	0.00	0.00	5529.13	0.00	0.00	0.00	0.00	0.00
3	6347.31	90.00	168.73	6050.00	-510.83	101.80	11.00	168.73	513.28
4	6723.46	90.00	180.01	6050.00	-884.56	138.62	3.00	90.00	887.83
5	11174.90	90.00	180.01	6050.00	-5336.00	137.50	0.00	0.00	5337.77

PBHL (P13FC #27H/L1 Design #2)

WELL DETAILS: SHL: 387 FSL, 1097 FEL, Sec 12, T17S, R31E, Unit P

Ground Elevation: 3965.00
RKB Elevation: KB @ 3983.00usft (Silver Oak 3)
Rig Name: Silver Oak 3

Northings 670739.20 Easting 658404.70
Latitude 32° 50' 34.384 N Longitude 103° 49' 3.255 W



Terra Directional Services
3705 South County Road 1210, Midland, TX 79706
432.618.1210

Plan: Design #2 (SHL: 387 FSL, 1097 FEL, Sec 12, T17S, R31E, Unit P/BHL: 330' FSL, 990' FEL, Sec 13, T17S, R31E, Unit P)
Created By: Debbie Mason Date: 6/24, May 19 2016

PROJECT DETAILS: Eddy County, NM (NAD-27 2015)
Geodetic System: US State Plane 1927 (Elevation)
Elevation: 1166 (NADCON CONUS)
Zone: New Mexico East 3001
System Datum: Mean Sea Level
Local North: Grid

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	COG Operating, LLC
LEASE NO.:	NMLC029415B
WELL NAME & NO.:	27H-Puckett 13 Federal Com
SURFACE HOLE FOOTAGE:	387'/S & 1097'/E
BOTTOM HOLE FOOTAGE	
LOCATION:	Section 12, T.17 S., R.31 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
 - Communitization Agreement
 - Lesser Prairie-Chicken Timing Stipulations
 - Below Ground-level Abandoned Well Marker
- ☒ **Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☒ **Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
- ☐ **Interim Reclamation**
- ☐ **Final Abandonment & Reclamation**

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Communitization Agreement

- The operator will submit a Communitization Agreement to the Carlsbad Field Office, 620 E Greene St. Carlsbad, New Mexico 88220, at least 90 days before the anticipated date of first production from a well subject to a spacing order issued by the New Mexico Oil Conservation Division. The Communitization Agreement will include the signatures of all working interest owners in all Federal and Indian leases subject to the Communitization Agreement (i.e., operating rights owners and lessees of record), or certification that the operator has obtained the written signatures of all such owners and will make those signatures available to the BLM immediately upon request.
- If the operator does not comply with this condition of approval, the BLM may take enforcement actions that include, but are not limited to, those specified in 43 CFR 3163.1.
- In addition, the well sign shall include the surface and bottom hole lease numbers. When the Communitization Agreement number is known, it shall also be on the sign.

Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken:

Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

Below Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

This authorization is subject to your Certificate of Participation and/or Certificate of Inclusion under the New Mexico Candidate Conservation Agreement. Because it involves surface disturbing activities covered under your Certificate, your Habitat Conservation Fund Account with the Center of Excellence for Hazardous Materials Management (CEHMM) will be debited according to Exhibit B Part 2 of the Certificate of Participation.

CONDITIONS OF APPROVAL

SUNDRY dated 05/19/2016

OPERATOR'S NAME:	COG Operating, LLC
LEASE NO.:	NMLC029415B
WELL NAME & NO.:	27H-Puckett 13 Federal Com
SURFACE HOLE FOOTAGE:	387'/S & 1097'/E
BOTTOM HOLE FOOTAGE:	330'/S & 990'/E
LOCATION:	Section 12, T.17 S., R.31 E., NMPM
COUNTY:	Eddy County, New Mexico

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- Spudding well (minimum of 24 hours)
- Setting and/or Cementing of all casing strings (minimum of 4 hours)
- BOPE tests (minimum of 4 hours)

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. A Hydrogen Sulfide (H₂S) Drilling Plan shall be activated 500 feet prior to drilling into the **Grayburg** formation. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
3. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**
4. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) for Water Basin:

After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. **DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE.** WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Possibility of water flows in the Artesia group and Salado.

Possibility of lost circulation in the Rustler, Artesia Group, and San Andres.

1. The 13-3/8 inch surface casing shall be set at approximately 790 feet (in a competent bed below the Magenta Dolomite, which is a Member of the Rustler, and if salt is encountered, set casing at least 25 feet above the salt) and cemented to the surface.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is:

Option #1(Single Stage):

- ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.

Option #2:

Operator has proposed DV tool at depth of 1055', but will adjust cement proportionately if moved DV tool shall be set a minimum of 50' below previous shoe and a minimum of 200' above current shoe. Operator shall submit sundry if DV tool depth cannot be set in this range. If an ECP is used, it is to be set a minimum of 50' below the shoe to provide cement across the shoe. If it cannot be set below the shoe, a CBL shall be run to verify cement coverage.

- a. First stage to DV tool:

- ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

- b. Second stage above DV tool:

- ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.

Centralizers required on horizontal leg, must be type for horizontal service and a minimum of one every other joint.

3. The minimum required fill of cement behind the 7 X 5 1/2 inch production casing is:

Option #1(Single Stage):

- ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.

Option #2:

Operator shall place the proposed DV tool at depth of 5504' ; DV tool is not allowed above the previous casing shoe, operator but will adjust cement proportionately if moved. DV tool shall be set a minimum of 50' below previous shoe and a minimum of 200' above current shoe. Operator shall submit sundry if DV tool depth cannot be set in this range.

- a. First stage to DV tool:

- ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

- b. Second stage above DV tool:

- ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API 53.
2. **In the case where the only BOP installed is an annular preventer, it shall be tested to a minimum of 2000 psi (which may require upgrading to 3M or 5M annular).**
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface-casing shoe shall be **2000 (2M) psi**.
4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).
 - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.
 - c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
 - d. The results of the test shall be reported to the appropriate BLM office.
 - e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

- f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

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VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation. The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

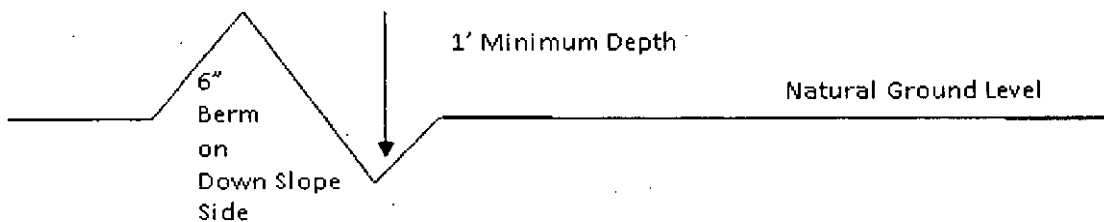
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslowing and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Construction Steps

1. Salvage topsoil
2. Construct road

3. Redistribute topsoil
4. Revegetate slopes

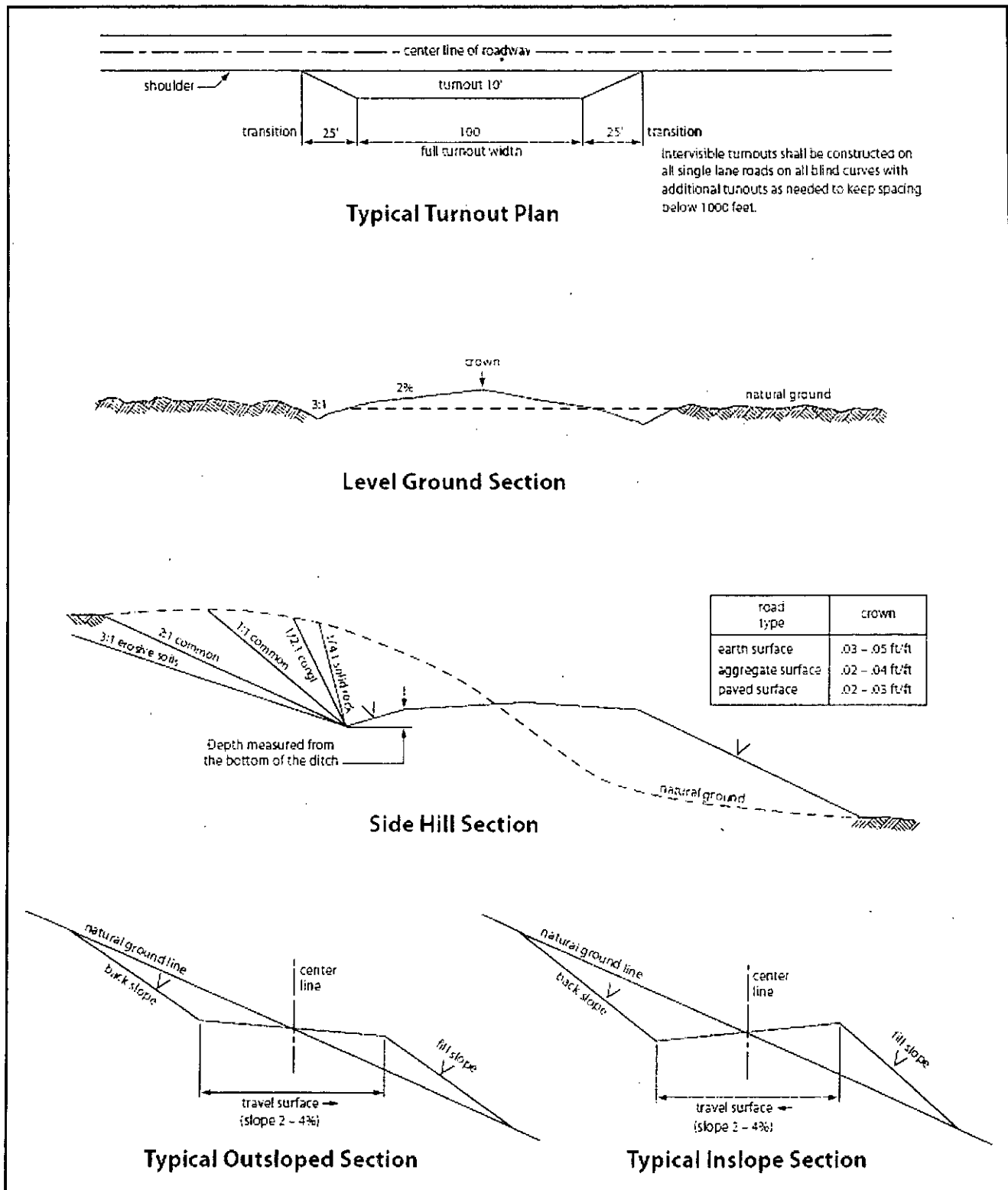


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

A. PIPELINES

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the Grant and attachments, including stipulations, survey plat(s) and/or map(s), shall be on location during construction. BLM personnel may request to review a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, Holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC § 2601 *et seq.* (1982) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant (*see* 40 CFR, Part 702-799 and in particular, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193). Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. Holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, *et seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et seq.*) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way Holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way Holder on the Right-of-Way. This provision applies without regard to whether a release is caused by Holder, its agent, or unrelated third parties.
4. Holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. Holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused

or substantially aggravated by any of the following within the right-of-way or permit area:

- a. Activities of Holder including, but not limited to: construction, operation, maintenance, and termination of the facility;
- b. Activities of other parties including, but not limited to:
 - (1) Land clearing
 - (2) Earth-disturbing and earth-moving work
 - (3) Blasting
 - (4) Vandalism and sabotage;

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of Holder, regardless of fault. Upon failure of Holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he/she deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of Holder. Such action by the Authorized Officer shall not relieve Holder of any responsibility as provided herein.

6. All construction and maintenance activity shall be confined to the authorized right-of-way width of 20 feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline shall be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline shall be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity shall be confined to existing roads or right-of-ways.

7. No blading or clearing of any vegetation shall be allowed unless approved in writing by the Authorized Officer.

8. Holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline shall be "snaked" around hummocks and dunes rather than

suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. The operator shall be held responsible if noxious weeds become established within

the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, powerline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

17. Surface pipelines shall be less than or equal to 4 inches and a working pressure below 125 psi.

18. Special Stipulations:

- a. **Lesser Prairie-Chicken:** Oil and gas activities will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Normal vehicle use on existing roads will not be restricted.
- b. This authorization is subject to your Certificate of Participation and/or Certificate of Inclusion under the New Mexico Candidate Conservation Agreement. Because it involves surface disturbing activities covered under your Certificate, your Habitat Conservation Fund Account with the Center of Excellence for Hazardous Materials Management (CEHMM) will be debited according to Exhibit B Part 2 of the Certificate of Participation.

VII. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Below Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

Seed Mixture for LPC Sand/Shinnery Sites

Holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed shall be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed shall be either certified or registered seed. The seed container shall be tagged in accordance with State law(s) and available for inspection by the Authorized Officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). Holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. Seeding shall be repeated until a satisfactory stand is established as determined by the Authorized Officer. Evaluation of growth may not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species	lb/acre
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed